

Message Text

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PAGE 01 ANTANA 00903 131710Z
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SUBJECT: MAJOR EXPORT PROJECTS PROGRAM: IBRD PROJECTS

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TRANSMITTAL SLIP DTD 3/17/77 D) DIBA:OED/TRANSMITTAL SLIP
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1. THIS TELEGRAM PROVIDES INFORMATION ON IBRD PROJECTS LISTED IN
ENCLOSURES REFS C&D, AS WELL AS TWO OTHER POTENTIAL IBRD PROJECTS.

2. POWER I: OF ALL LARGE DEVELOPMENT PROJECTS IN MADAGASCAR,
THIS ONE APPEARS TO HAVE THE GREATEST CHANCE OF GOING AHEAD.
IBRD SOURCES HAVE REPEATEDLY SHOWN VERY ACTIVE INTEREST IN
THIS PROJECT AND THEY AND MADAGASCAR GOVERNMENT HAVE ROUNDED
UP SUPPLEMENTAL FINANCING FROM SEVERAL OTHER SOURCES (SEE PARA 3
REF A AND PREVIOUS). GOVERNMENT OF MADAGASCAR HAS RECENTLY
ISSUED LOCAL TENDER FOR CONSTRUCTION OF ACCESS ROAD TO THE
PROPOSED ROGEZ/ANDEKALEKA DAM SITE. BIDS FOR ROAD WERE TO
BE OPENED IN EARLY APRIL AND CONSTRUCTION OF ROAD WAS TO TAKE
NO MORE THAN 14 MONTHS. THEREFORE, CONSTRUCTION OF DAM
APPARENTLY CANNOT BEGIN BEFORE MID-1978.

3. FERRO-CHROME PLANT: THIS PROJECT IS NOT LISTED IN ENCLOSURES
TO REFS C & D BUT IS CLOSELY ASSOCIATED WITH ANDEKALEKA PROJECT
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PARA 2 ABOVE. AS HAS BEEN REPORTED EARLIER, MAJOR, IF NOT PRIMARY
JUSTIFICATION FOR BUILDING DAM IS TO PROVIDE ELECTRICITY FOR
FERRO-CHROME PLANT TO PROCESS MADAGASCAR'S CHROME ORE. MADAGASCAR
AUTHORITIES BELIEVE KNOWN DEPOSITS CAN PRODUCE 250,000 TONS OF
CHROMITE PER YEAR FOR AT LEAST 16 MORE YEARS. EMBASSY IS AWARE
THAT SEVERAL US, EUROPEAN (AND PROBABLY JAPANESE) FIRMS ARE IN-
TERESTED IN FERRO-CHROME PLANT AS JOINT-VENTURE WITH THE MADAGASCAR

GOVERNMENT. RECENTLY, WE WERE SURPRISED TO LEARN THAT HIGH OFFICIALS OF IBRD'S INTERNATIONAL FINANCE CORPORATION (IFC) ARE SERIOUSLY CONSIDERING TAKING PART IN FERRO-CHROME PROJECT ALSO. PRESUMABLY IFC PARTICIPATIONS WOULD MAKE THIS PROJECT EVEN MORE ATTRACTIVE TO PRIVATE INVESTORS AND SHOULD HOPEFULLY, ALSO REQUIRE THAT PRIVATE INVESTORS AND EQUIPMENT SUPPLIERS BE CHOSEN BY AN OBJECTIVE INTERNATIONAL COMPETITION.

4. MANGOKY IRRIGATION PROJECT: THIS PROJECT NEAR MOROMBE, ON THE WEST COAST, REPORTEDLY WILL INCLUDE GOVERNMENT TENDER FOR 5 MILLION DOLLAR CONSTRUCTION OF ROADS, BRIDGES, IRRIGATION AND OTHER ENGINEERING WORKS. PRESUMABLY, ESTABLISHED LOCAL CONSTRUCTION FIRMS WILL BE BEST PLACED TO WIN THIS TENDER. REPORTEDLY, ANOTHER TENDER WILL BE ISSUED FOR 2 MILLION DOLLARS OF CONSTRUCTION EQUIPMENT. WELL EQUIPPED AND LONG-ESTABLISHED LOCAL CATERPILLAR DEALER WILL PRESUMABLY, HAVE BEST CHANCE TO SUPPLY THIS EQUIPMENT. WE UNDERSTAND THAT COMPLETE DOCUMENTATION HAS NOT YET BEEN TRANSFERRED TO IDA, BUT IS PRESENTLY AT THE MINISTRY OF FINANCE AND PLAN FOR REVIEW.

5. ANTANANARIVO WATER SUPPLY AND URBAN DEVELOPMENT PROJECT: THIS PROJECT FOR THE CAPITAL CITY, ANTANANARIVO (FORMERLY TANANARIVE), WILL INCLUDE WATER SUPPLY AND TREATMENT, IMPROVEMENTS TO SANITATION AND SEWAGE SYSTEMS, CONSTRUCTION OF DRAINS AND DRAINAGE BASINS, REPAIR OF RIVER CHANNELS AND CONSTRUCTION OF DAMS, AND NEW IRRIGATION FOR 20 THOUSAND HECTARES OF FARMLAND. INTERNATIONAL TENDER WILL BE ISSUED FOR ALL ABOVE WORKS INCLUDING TENDERS FOR ALL MATERIALS REQUIRED. ENGINEERING DESIGNS FOR ALL WORKS HAVE ALREADY BEEN SENT TO IBRD FOR REVIEW. WHILE WE ARE NOT UNCLASSIFIED

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CERTAIN, EMBASSY HAS IMPRESSION THAT, EXCEPT FOR POSSIBILITY OF ENGINEERING DESIGNS. US FIRMS AND SUPPLIERS WILL FIND LITTLE OF INTEREST IN THESE PROJECTS.

6. ANTANANARIVO FLOOD CONTROL: ASSOCIATED WITH, BUT SEPARATE FROM PROJECT IN PARA 5 ABOVE, IS THE PROBLEM OF FLOOD CONTROL IN THE VALLEY IN WHICH THE CAPITAL CITY IS LOCATED. THIS IS A CONTINUING PROBLEM WHICH EMBASSY BELIEVES WILL ONLY BE SOLVED BY MAJOR ENGINEERING WORK REQUIRING CAREFUL EXPERT ADVICE AND PLANNING. REPORTEDLY, AN IBRD DELEGATION WILL VISIT ANTANANARIVO BEGINNING MAY 25TH TO MEET WITH MADAGASCAR GOVERNMENT ON THIS MATTER. EMBASSY BELIEVES THIS PROJECT SHOULD OFFER GOOD PROSPECTS FOR AMERICAN ENGINEERING DESIGN FIRMS EXPERT IN FLOOD CONTROL.

7. LAC ALOTRA II: THIS PROJECT WAS INCLUDED IN ATTACHMENT TO REF C BUT NOT IN REF D. WE HAVE NO FURTHER INFORMATION THAN THAT PROVIDED IN PARA 4 REF A.

8. PROJECTS IN COMOROS: AS WE HAVE NO OFFICE IN COMOROS,

AND AS COMOROS' GOVERNMENT IS CURRENTLY IN PROCESS OF FAR-
REACHING INTERNAL REORGANIZATION, EMBASSY WILL CONTINUE
TO FIND IT VERY DIFFICULT TO OBTAIN FIRST HAND INFORMA-
TION ON IBRD PROJECTS IN COMOROS. UNTIL FURTHER NOTICE,
WE BELIEVE IT BEST THAT USDOC DEAL THROUGH IBRD HEADQUARTERS
IN DETERMINING FUTURE OF IBRD PROJECTS IN COMOROS.SMITH

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